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CUBA AND THE PHILIPPINES

Three things give the United States peculiar responsibilities in Cuba; viz., the Monroe doctrine, the Panama canal and its defense, and the Platt amendment to America's recognition of Cuba's independence. Practically the United States holds stewardship over Cuba, as over the whole Caribbean area. That stewardship was questionably exercised when Cuban sugar was made to pay 2 cents gold a pound to get into the United States market, because sugar is Cuba's life and America Cuba's natural market.

Under a moderate tariff against Cuban sugar, cheaply produced, Cuban-American trade is reciprocal and of primary importance to both countries; under such a tariff, too, Philippine and Hawaiian sugar production, also Porto Rican, is justly and wisely fostered without being over-stimulated. All this would be measuring water that has passed under the bridge, were it not for Cuba's present crisis that threatens to compel another American occupation of that country. Military occupation of Cuba might involve 25,000 American troops, even 50,000, over a period of several years. Primarily caused by the sugar tariff, we may be very sure that the American administrator would urge a lower tariff: he would see that Cuba can't exist under a 2-cent sugar tariff. The alternative of a lower tariff is annexation, free trade.

Contemplation of American annexation of Cuba is not farfetched. The constitution was made with annexation in mind, no notion is older in American diplomacy, while the Monroe doctrine, dating from 1823, and protection of the Panama canal directly charge the United States with Cuba's welfare. These are the facts.

Now the American sugar situation is being doctored by efforts of a sugar stabilization board on which the Philippines have their representatives. If these men take a narrow view of the problem and lend support to a 2-cent tariff against Cuba's sugar, it will turn out finally that they have done the Philippines no more than a left-handed service, for they will have prolonged the provocation of causes for annexation. Reasonable quotas for our sugar under any circumstances, we can depend on—through the sheer influence of the governor general. But quotas are but half a solution of Cuba's problem. It is the primary interest of all who are concerned in the American sugar market to get Cuban sugar on a paying basis, that peace may return to that country without annexation. It is particularly the interest of the Philippines to keep American interest in the Caribbean as low as possible, American interest in the orient as high as possible. Sugar should begin to have a conscience, and to listen to its small persistent voice.

GOLD $31 AN OUNCE

Late in August President Roosevelt gave United States gold producers the world market for their gold and continued for their benefit the machinery of gold marketing that functions through the United States mint instead of making it necessary for them to arrange a sales system of their own. The treasury will take the gold, the Federal Reserve will sell it, and producers will get about $10 an ounce more for it; that is, about $31 instead of the fixed old price of $20.67 the president's ruling shelves until further notice. For the Philippines, estimated to reach a production of about 350,000 ounces of gold this year, the ruling means additional $3,500,000 for their gold, a total of about $11,000,000, compared with about that many pesos for their output last year. In short, in one year the dollar value of our gold output practically doubles. The president's ruling ups gold nearly 50% in its dollar value. As costs of mining, here and elsewhere, will not rise so much, gold mining is stimulated. Investors display peculiar interest in gold shares.

Time of September 11 reviews the situation the ruling brings about. It gives the United States yearly gold production, 2,500,000 ounces; our production, then, is 7 50 or 14% of the whole and is likely to mount faster than gold production at home, so it becomes a very material factor in Philippine-American affairs. *Time's* summarized general effects of the free sale of new gold:

> Industries will pay 50% more for gold, the jewelry industry will feel this: its sales may slump, it may lay off workmen. Gold exports will help augment depleted gold stocks in many countries; they will help the American trade balance and boost the exchange value of the dollar as their effects are gradually felt at exchange centers; they will tend to raise world price levels, i. e., have an inflationary effect, and hence in the finality of things they will neutralize the immediate advantages they procure gold producers.

During the period from April 5 when gold was embargoed until new gold was given the world market, the two great producing mines of the Philippines, Benguet Consolidated and Balatoc, accumulated on deposit in the United States some 110,000 ounces of new gold not covered, at time of writing, October 2, into the president's ruling. Sold at $20.67 an ounce, this gold would bring $2,273,700; sold at $31 an ounce it would bring $3,410,000; naturally, the mines have a great deal of interest in the difference, $1,136,300, nearly ₱3,000,000. Judge John W. Haussermann, president and general manager of both mines, is persistently holding out for the new price. May he have luck.

—W. R.